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CENTRAL INTELLIGENCE AGENCY REPORT NO.

25X1A

COUNTRY Czechoslovakia

DATE DISTR 22 September 1953

25X1A

Ministry of Foreign Trade and
the Foreign Trade Companies

NO. OF PAGES 4

NO. OF ENCLS.
(LISTED BELOW)

SUPPLEMENT TO
REPORT NO.

25X1X

The Czech Ministry of Foreign Trade, located on Tr. Politickyh Veznu, Prague II, is headed by Minister Richard Dvorak and four deputy ministers, each of whom heads a division within the Ministry. One of the deputy ministers is appointed to look after trade with the USSR; the others supervise trade with the Satellites and with Western countries. Among the deputy ministers are Otto Kocour¹ and a certain Namous (fnu).² A main function of the Ministry of Foreign Trade is to produce the necessary foreign exchange for imports of vital importance to various national industries and the military authorities. Furthermore, the Ministry directs all activity of the Czech import and export companies. The Ministry has authorization to release goods at prices which are 50 percent, or less, of the production costs if such is deemed necessary. Pricing policy is stringently controlled by the Ministry; import and export companies, for example, must submit substantial proof of the need for a price change before it can be approved.

The four divisions within the Ministry of Foreign Trade are as follows:

- a. The Territorial Division (Teritorialni Oddeleni) This division consists of several departments, each responsible for the trade with one or a group of countries. There are, for example, departments for Argentina, for several small states in Latin America, for the nations of the British Commonwealth and for the nations of Northern Europe. Some officers in this division are:

Engo. Rudolf Stolar - Chief of the Department for Nations of the
British Commonwealth³
Ober (fnu) - Assistant to Stolar
Steuer (fnu) - Referent for Great Britain, Ireland, and
Cyprus
Mrs. Hrachovcova - Referent of the Department for Argentina
(fnu)

- b. The Foreign Exchange Office - A leading official in this office is Engo. Jaroslav Pesek; his assistant is Vladimir Fiser and two of its experts are Dr. Nedved (fnu) and Dr. Cech (fnu). The Foreign Exchange Office is actually a secret department of the Czech National Bank and grants the ultimate approval for import and export licenses. Its main function is to maintain a balance between imports and exports taking

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into account the availability of various types of foreign exchange. This office keeps records which show the exact current figures of foreign exchange reserves. If there is a scarcity of foreign exchange, secret circulars are issued to the monopoly trading companies to indicate the priorities prevailing in the use of exchange credits. The Foreign Exchange Office cooperates with the monopoly trading companies in deciding requirements for import and export and payment terms in commercial agreements.

- c. The Export Division (Vyvozní Odbor) - A leading official of the Export Division is a man named Chuchler (fnu); three experts in the Division are Kota (fnu), M. Vesely, and Hrdlicka (fnu). This division, in cooperation with the Planning Office, establishes the export plan for the export departments of the monopoly trading companies. Its main task is to create conditions which will enable the trading companies to fulfill their plans. This involves, primarily, urging the factories, through the Ministry of Industry, to deliver on time the materials for export and to acquire materials for the export production plan. Secondly, it must create favorable commercial and political conditions for the export of Czech goods to individual countries. Thirdly, it arranges for the intervention of the Czech Legation to help obtain import licences in foreign countries. The Export Division also negotiates changes in the export plan with the Planning Office. At the end of each year, this division must account to the Planning Office for failure to fulfill plan requirements and then modify the export plan so that the trading companies will appear in a favorable light. It makes alterations in the export plan necessitated by unexpected market developments or cases of some particular foreign exchange.

- d. The Import Division - The work of this division is twofold: it aids the monopoly trading companies in getting materials into Czechoslovakia and it also keeps imports - especially those from Western countries - to a minimum in order to reduce Czechoslovakia's dependence on foreign deliveries. Attempts are made to restrict imports to Czechoslovakia to those from the USSR and its satellites, mainly from East Germany and Poland.⁴ When certain materials are not obtainable from the Soviet orbit, imports from elsewhere abroad are permitted, and the Ministry for Foreign Trade cooperates with the Ministry of Foreign Affairs in arranging forwarding details, including transshipments.⁵

4. Apart from the four main divisions within the Ministry there are also the co-operative departments such as the Planning Department (Planovacci oddeleni), the Pricing Department (Cenov oddeleni), Commercial and Political Department (Obchodno-politické oddeleni), licensing Department (Omlashove oddeleni), Documentary Department (Dokumentacni oddeleni), Teleprinter and Code Department (Dalnopisne a kodove oddeleni).

5. Although the number of employees cannot be accurately estimated within each division and department of the Ministry, the total number employed is believed to be about eight hundred.

6. In accordance with regulations issued by the Ministry of Foreign Trade, the monopoly trading companies for foreign trade are organized as follows:

- a. Each company has a central director who is responsible for administration of the company and for the fulfillment of the plan.
- b. There are three deputy directors, one of whom supervises the import division and one the export division; the third attends to the operating departments such as finance, post-office and shipping.
- c. Each of the various import and export departments has a leading official who is responsible to one of the deputy directors.
- d. Each monopoly company has a special department, whose chief is responsible directly to the central director, which runs the barter transactions listed below:

Barter - a barter transaction carried out between states having a commercial agreement in which the items for exchange have been exhausted.

Reciprocity - a barter transaction carried out between countries which have a commercial agreement that does not include the items being exchanged.

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Compensation - a barter transaction between states which have no commercial agreement.⁶

- e. Each company has a chief for the commodity and territorial planning departments.
- f. Each company has a chief of a personnel department. He is the person responsible for the reliability of each individual employee.

6. Following is a list of the main Czech import and export trade monopolies:

<u>Address</u>	<u>Estimated No. of Employees</u>
Strojimport a.s. - Prague II, Vavelske nam 56	"
Strojexport a.s. - Prague II, Vavelske 56	"
Papco a.s. - Prague II, Vavelske 56	"
Ligna a.s. - Prague II, Vodickova 41	"
Perromet a.s. - Prague II, Opletalova 7	"
Exico a.s. - "	"
Ekloexport a.s. - "	"
Kovo a.s. - Prague VII, Tr. Dukelskych Hrdinu	1500
Motokov a.s. - Prague VII, Tr. Dukelskych Hrdinu	650
Centrotex a.s. - Prague VII, Tr. Dukelskych Hrdinu	450
Koospol a.s. - Prague VII, Tr. Dukelskych Hrdinu	450

7. A typical export transaction would be conducted as follows:

The monopoly trading company which receives the export order issues instructions to whichever factory is to produce the item and applies for an export licence from the Ministry of Foreign Trade. This application is presented to the Ministry through the Reception Office (Podatelna Ohlasek) which records the pertinent information. The license application is then passed to the proper territorial department and to the Export Division for examination and approval. The Planning Department is notified to register the export in its plan. Then the export license application is sent to the Foreign Exchange Office where the information is checked with regard to payment conditions. Once the planning department of the trading company has the necessary data on the export to be made, the license is sent to its appropriate export department. The company's export department then arranges for the delivery of the goods. The customs expediting of the goods is written on the back of the license. As soon as the goods have crossed the Czech border, both the Export Division of the Ministry and the trading company are notified.

- 8. An import order license is applied for in a similar way. The appropriate department in the monopoly trading company informs the foreign supplier of the license number and, usually, requests an earlier delivery. When the goods arrive, their clearance is entered on the back of the import license and the proper authorities are notified.

25X1A [] Comment. Otto Kocour is about 36 years old and was at one time a worker in the Lides factory in Prague. He was later made the central director of Kovo Ltd.

25X1A [] Comment. Hamous (fn.) was once the chief of the personnel department in Kovo Ltd. and later the central director of Motokov Ltd.

25X1A [] Comment. Rudolf Stolar is expected to be given a higher position in the Ministry of Trade in the near future.

25X1A [] Comment. The following machinery is imported from the Soviet orbit countries: heavy lathes; turret lathes; three-spindle planers; multi-spindle automatic machines similar to the US Acme and Cincinnati makes; heavy grinding machines; various material testing machines such as Brinell hardness testers, drop hammers and tearing machines; various machinery for the building industry such as caterpillar tractors (Stalinez), bulldozers, scrapers, concrete mixers, concrete transporters and dredging machines.

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25X1A [] Comment. Transshipments of US goods are usually made at both Rotterdam and Hamburg, and final forwarding is through the port of Gdynia, Poland. The agency Bernhard Clemens GmbH, Hamburg, is actually a branch of the sole Czech shipping agency, Netrans.

25X1A [] Comment. At present this type of barter transaction is being made primarily with Italy.

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